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SIPDIS

SENSITIVE

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SUBJECT: CHARGE RAISES MOTOROLA DISPUTE WITH PM

SENSITIVE BUT UNCLASSIFIED.

1. (SBU) During her August 8 introductory call on Prime Minister Erdogan (see septel), the Charge raised Motorola's more than \$2 billion claim on the failed Turkish mobile phone company TELSIM. She urged that SDIF, the GOT bank guarantee fund that has taken control of TELSIM, reach an amicable settlement with Motorola as quickly as possible. This would send an excellent signal to the foreign investor community. Erdogan noted that the GOT had taken difficult steps to resolve Cargill's high-profile business dispute, and agreed that following up on his recent meeting with U.S. executives in Idaho, he hoped to see more U.S. investment in Turkey. He said that once SDIF had concluded the sale of TELSIM, Motorola's case would be resolved.

2. (SBU) Comment: Erdogan, who had opened the meeting with a call for greater bilateral trade and investment, was clearly aware of the significance of Motorola's dispute and the desirability of resolving it quickly. His response also suggests that the GOT recognizes that resolving Motorola's claim and the effort to sell TELSIM to foreign investors are interlinked.
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